

FY Export Forecasts for Agricultural, Fishery & Solid Wood Products

2004 AgExport Forecast Raised to Record \$62.0 Billion

Initial 2005 AgExport Forecast Set at \$57.5 Billion

Initial 2005 AgTrade Surplus Set at \$2.5 Billion

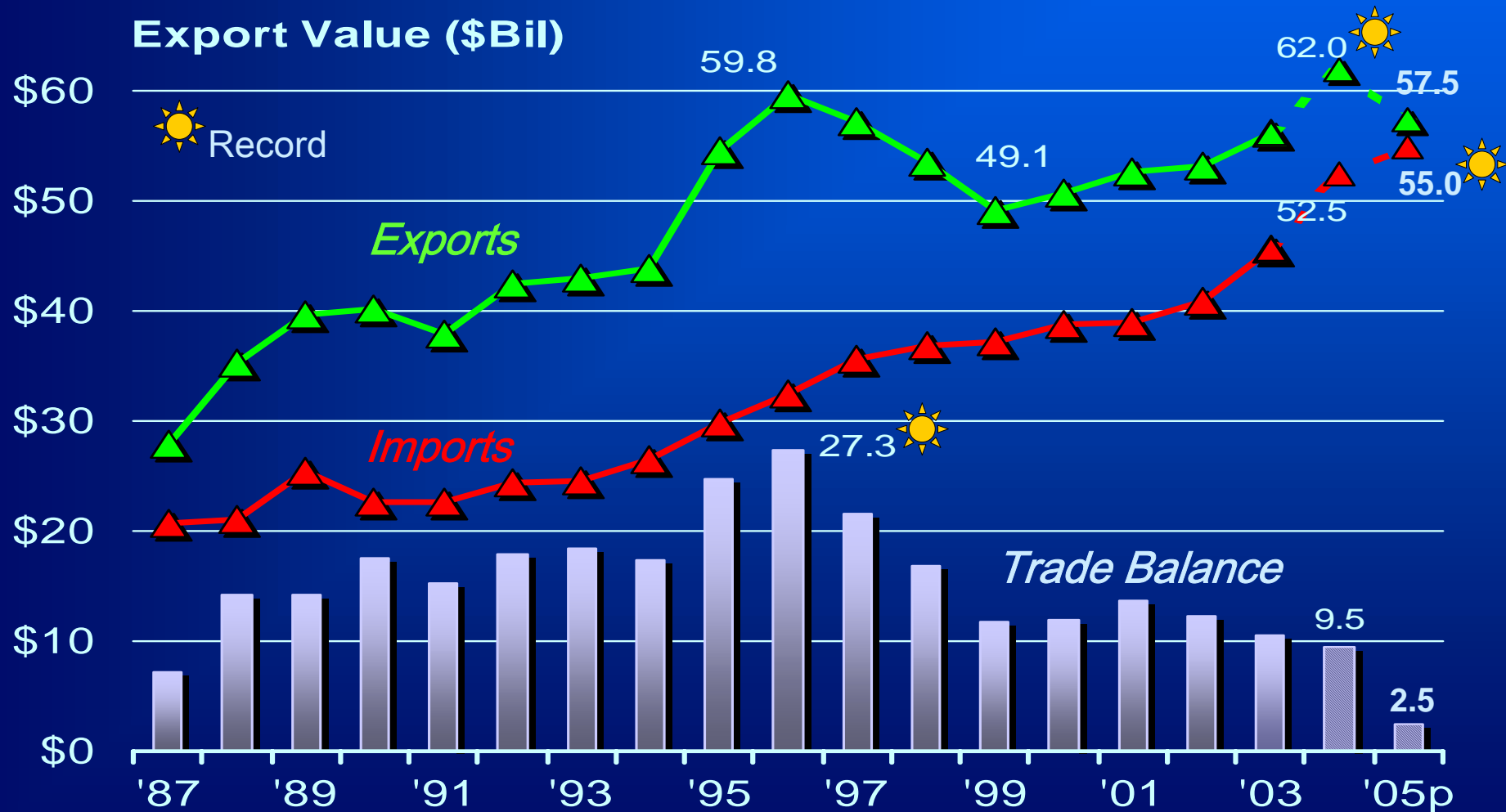
USDA's "Outlook for U.S. Agricultural Trade"
will be released on August 26, 2004 at 4pm EST

Prepared by Foreign Agricultural Service/USDA

U.S. Agricultural Trade

Total export value is lower in 2005 due largely to increased foreign competition and lower prices for cotton, wheat and soybeans.

Record imports drives trade surplus to lowest since 1972.



Commodity Export Projections, 2005

Key Changes -- Fiscal '04 to Fiscal '05

	Final FY 2003	Aug FY '04 For.	Aug FY '05 Proj.	04/05 Chg	Main Reasons
Wheat & Flour (\$ Bil)	4.027	5.1	4.1	-1.0	(+) competition; (-) price
Soybeans & meal (\$ Bil)	7.640	8.4	7.6	-0.8	(+) vol; (-) price – SAmer crop
Cotton (\$Bil)	2.854	4.7	3.1	-1.6	(-) price/volume
Livstk Prods (\$ Bil)	9.062	7.2	6.8	-0.4	BSE bans continue
Wheat (mmt)	24.296	31.0	25.0	-6.0	(+) Black Sea/EU competition
Soybeans & Meal (mmt)	33.971	28.1	32.7	+4.6	(+) US crop; strong China demand
Cotton (mmt)	2.514	3.1	2.7	-0.4	(+) competition; (-) China demand

No country projections available until November 2004.

Export Outlook for Grain & Feed Products

Revised FY 2004 Forecast:  \$200 Million to \$17.8 Billion

Initial FY 2005 Projection: \$16.1 Billion

Revised FY 2004 Forecast

Key Developments

- Vol gains for wheat & feeds partly offset by lower corn, sorghum, rice volumes

Initial FY 2005 Projection

Key Upside Developments

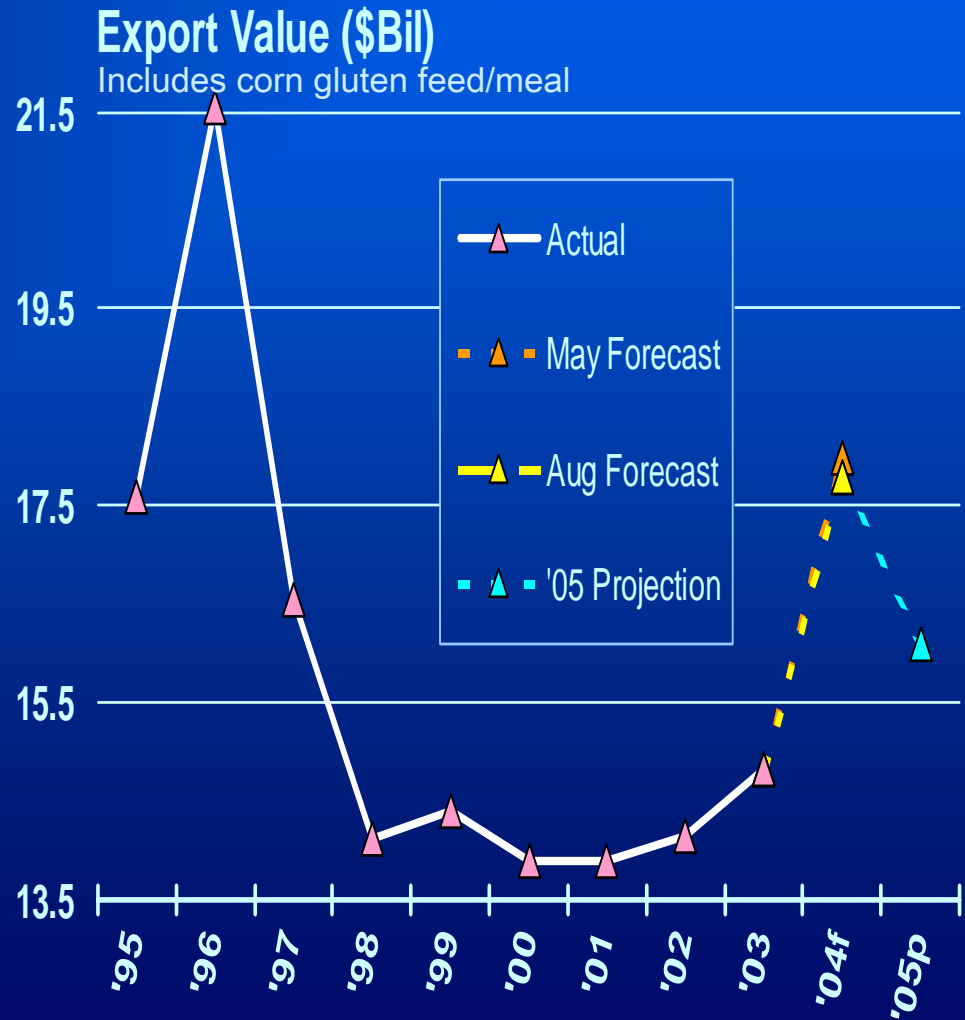
- Global grain stocks remain at 2nd lowest level in nearly 25 years
- US corn exports up 4 mmt due to record US crop & lower China exports

Key Downside Developments

- Weaker outlook due to lower wheat export vol and grain unit values; record world grain production pressures price
- Increased Black Sea & EU grain exports

Wild Cards

- China's import demand; crop sizes



Export Outlook for Oilseeds & Products

Revised FY 2004 Forecast: Unchanged at \$10.9 Billion

Initial FY 2005 Projection: \$9.9 Billion

Revised FY 2004 Forecast

Key Developments

- (+) Higher soybean unit price
- (-) Lower China soybean demand
- (-) Reduced US soybean export vol

Initial FY 2005 Projection

Key Upside Developments

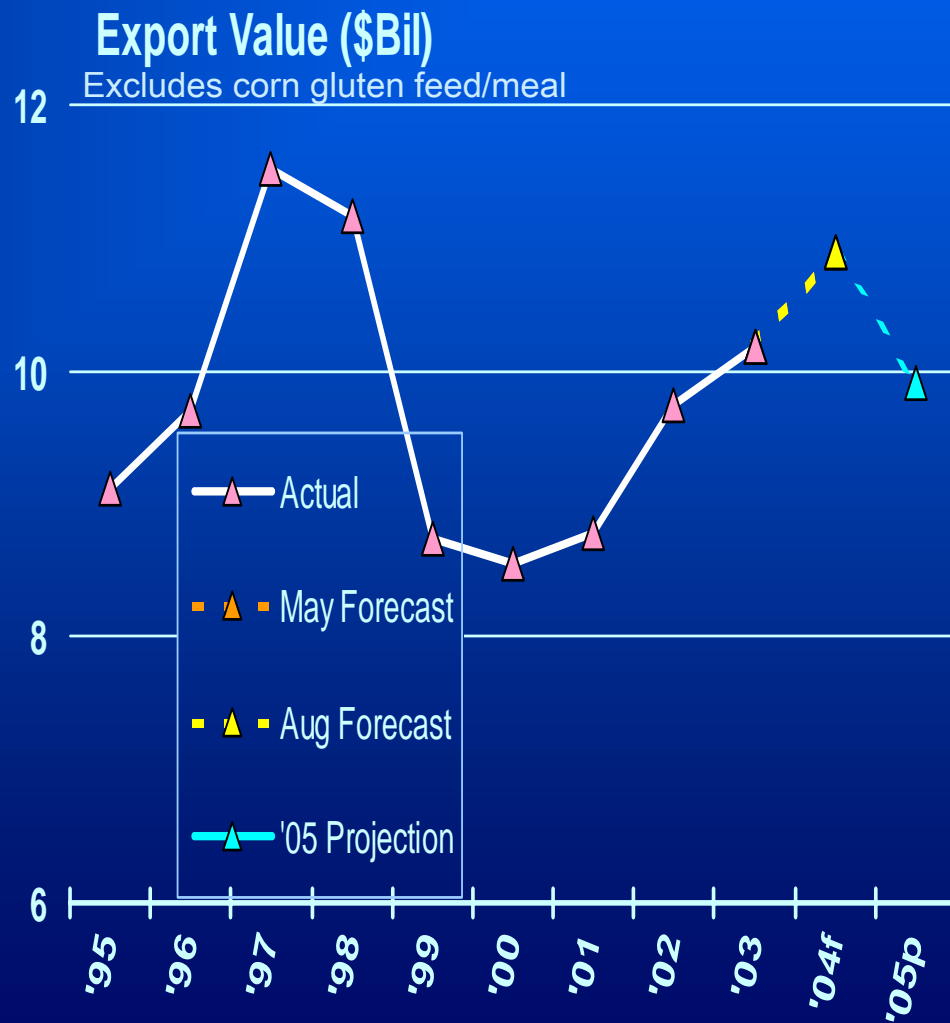
- US soybean crop rebounds
- Record China import demand

Key Downside Developments

- Lower oilseed & product prices
- Record SAmer soy crop/exports

Wild Cards

- US & SAmer crop size; soy rust
- China's soybean imports



Export Outlook for Cotton & Linters

Revised FY 2004 Forecast:  \$500 Million to \$4.7 Billion

Initial FY 2005 Projection: \$3.1 Billion

Revised FY 2004 Forecast

Key Developments

- Mill use, particularly in China, continues strong; US export value to China raised due to stronger than expected sales at higher prices

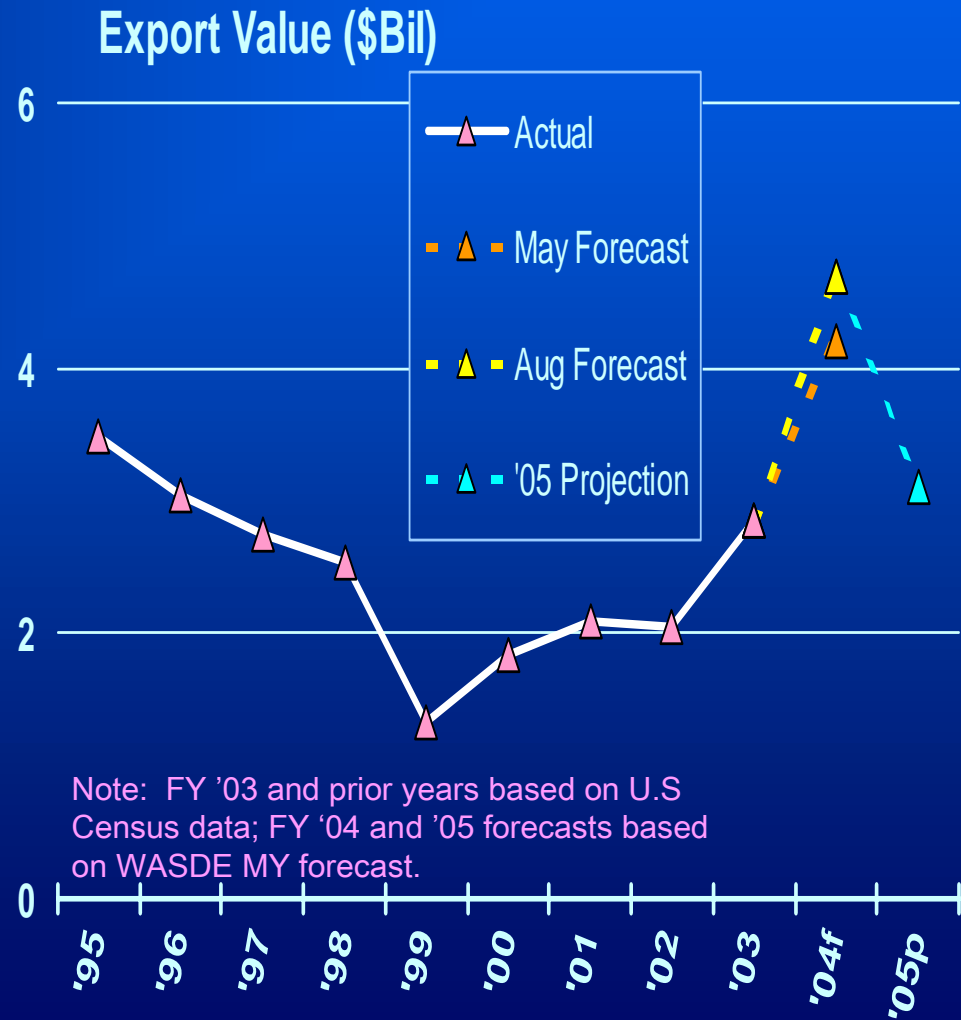
Initial FY 2005 Projection

Key Developments

- Substantially larger crops (better prices/good weather) especially outside the United States push down US export value and volume

Wild Cards

- US & foreign crop estimates could deteriorate
- Demand could vary, particularly upward



Export Outlook for Dairy, Livestock & Poultry

Revised FY 2004 Forecast:  \$100 Million to \$10.7 Billion

Initial FY 2005 Projection: \$10.4 Billion

Revised FY 2004 Forecast

Key Developments

□ (+) Beef & pork raised \$172 mil; record pork exports at 690,000 mt (\$1.68 bil); animal fats up \$70 mil; dairy prods up \$55 mil

□ (-) Live animals lowered \$100 mil -- lower horse exports expected

Initial FY 2005 Projection

Key Upside Developments

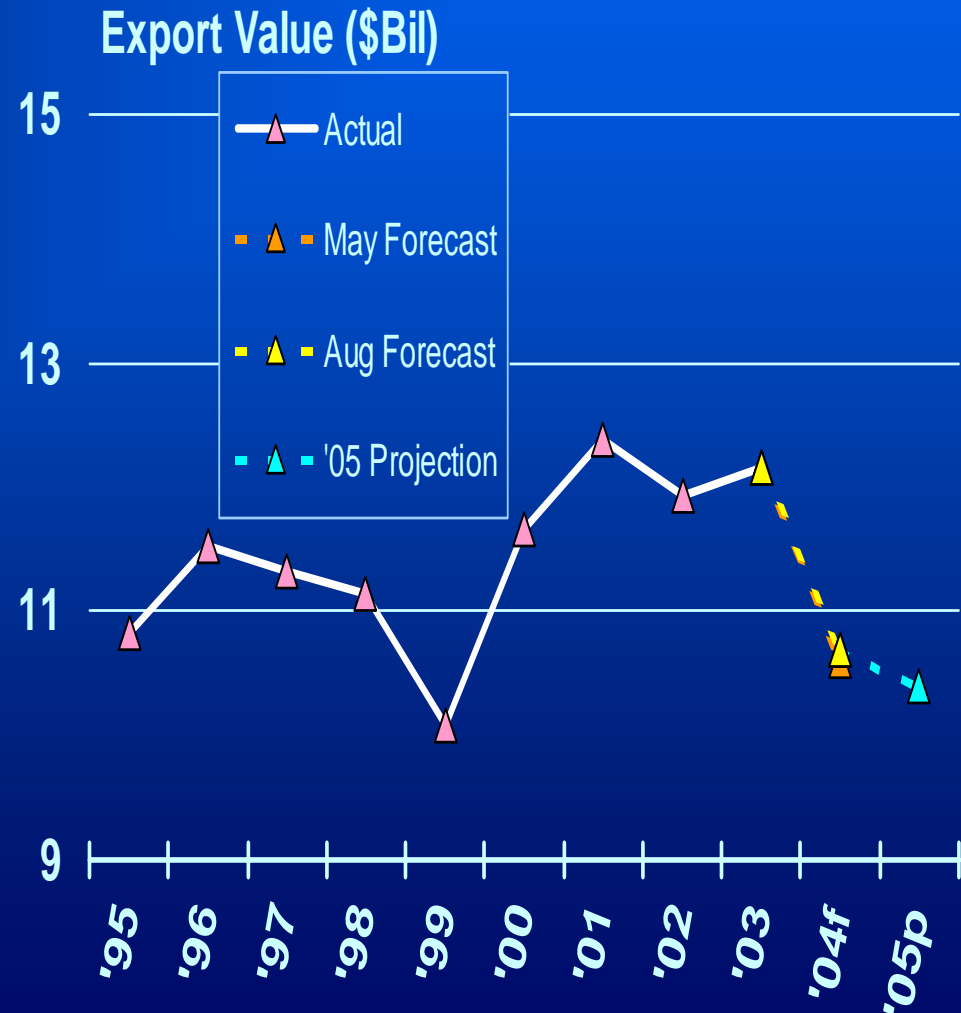
□ Pork exports at record 710,000 tons (\$1.7 billion)

Key Downside Developments

□ Beef & beef offals lowered \$410 million based on absence of higher vol 1st qtr fiscal 2004 (pre-BSE) (forecast assumes import bans remain in place entire year)

Wild Cards

□ Timing of the lifting of BSE bans; reopening Japan & Korea beef markets could add up to \$2 billion



Export Outlook for Horticultural Products

Revised FY 2004 Forecast: Unchanged at \$13.4 Billion

Initial FY 2005 Projection: \$13.8 Billion

Revised FY 2004 Forecast

Key Developments

- (+) Strong growth for first 9 months, led by tree nuts and highly-processed misc. products
- (+) Strong exports to NAFTA partners, key Asian mkts & the EU

Initial FY 2005 Projection

Key Upside Developments

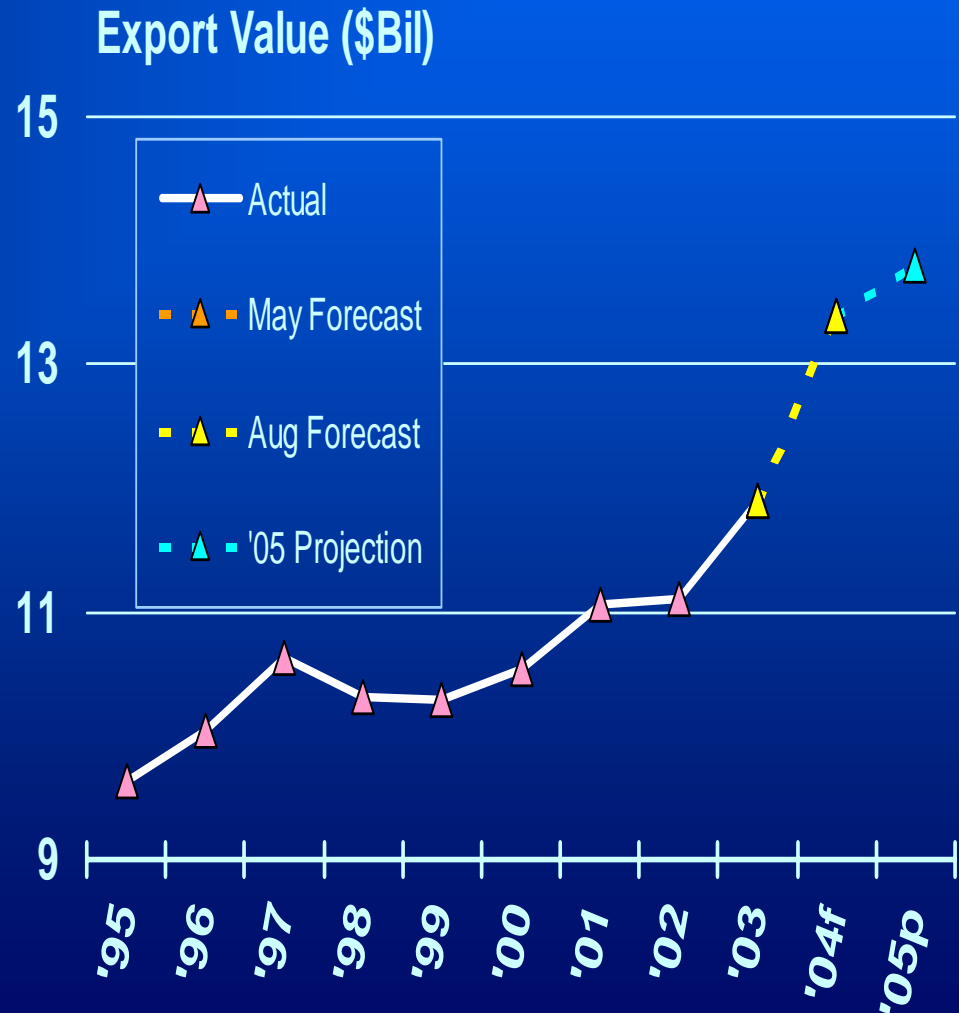
- Strong demand for most products; almonds set at record \$1.1 billion

Key Downside Developments

- Total value growth rate slows due to slower increase in prices

Wild Cards

- U.S./foreign crops and prices; new SPS barriers



Export Outlook for Fishery Products

Revised FY 2004 Forecast:  \$100 Million to \$3.3 Billion

Initial FY 2005 Projection: \$3.4 Billion

Revised FY 2004 Forecast

Key Developments

- (+) Sockeye salmon harvest up 39% over 2003 harvest
- (+) Japanese technicians secure visas needed to maintain salmon roe exports valued at \$120 million

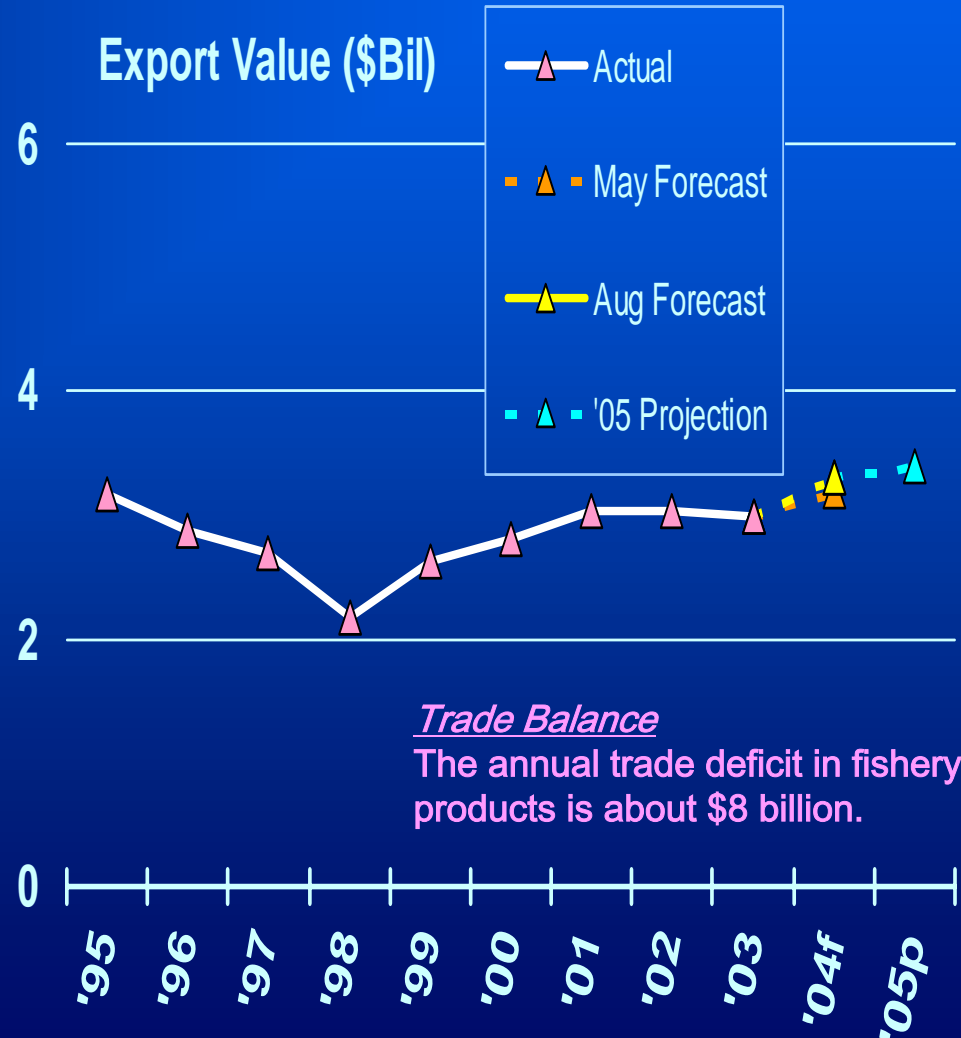
Initial FY 2005 Projection

Key Upside Developments

- Steady demand for pollock, salmon, lobster, cod, crab and other fishery products

Wild Cards

- Strength of the U.S. dollar
- Size of U.S. and foreign fish and other seafood harvests



Export Outlook for Solid Wood Products

Revised FY 2004 Forecast:  \$200 Million to \$5.5 Billion

Initial FY 2005 Projection: \$5.6 Billion

Revised FY 2004 Forecast

Key Developments

- Exports to China increase mainly due to hardwood demand from its furniture industry

Initial FY 2005 Projection

Key Upside Developments

- Exports to Canada to remain strong due to re-export demand created by U.S. housing market

Key Downside Developments

- Softwood exports to EU and Japan decline due to strong EU production

Wild Cards

- China's continued economic growth, which fuels its domestic furniture demand

